GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4246
ANSWERED ON:22.03.2013
PRIORITY SECTOR LENDING TO WEAKER SECTIONS
Jena Shri Mohan

Will the Minister of FINANCE be pleased to state:

(a) the amount of loan disbursed by the public and private sector banks to the weaker sections including Scheduled Castes (SCs) and Scheduled Tribes (STs) and minority communities under the priority sector lending (PSL) along with rate of interest charged thereon during the last three years, year-wise and bank-wise;

(b) whether the Reserve Bank of India (RBI) has laid down any guidelines in this regard;

(c) if so, the details along with the compliance status thereof; and

(d) the other steps taken/proposed to be taken by the Government to restructure PSL in order to facilitate better credit access to the people belonging to SC/ST and minority communities?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI NAMO NARAIN MEENA)

(a): As per data maintained by Reserve Bank of India (RBI), statement showing Bank-wise data (of Public and Private Sector Banks) on outstanding loans to Scheduled Castes (SCs)/ Scheduled Tribes (STs) under Weaker Sections category of Priority Sector Lending (PSL) as on the last reporting Fridays of March 2010, March 2011 and March 2012 is at Annexure. Bank-wise data on outstanding loans to specified minority communities as on the year ended March 2010, March 2011 and March 2012 under PSL is also given in the Annexure.

RBI has reported that rate of interest charged by banks on these loans is not captured by them.

(b) to (d): Under the extant guidelines on Priority Sector Lending (PSL), all Scheduled Commercial Banks (SCBs), including Public and Private Sector Banks, are required to earmark 10% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure, whichever is higher, for Weaker Sections, which inter- alia, include Scheduled Castes (SCs) & Scheduled Tribes (STs) and loans to minority communities.

As per revised guidelines on PSL issued by RBI on 20.7.2012, Foreign Banks having 20 or more branches in the country are to be brought on par with domestic banks for priority sector targets in a phased manner over a maximum period of 5 years starting April 1, 2013. The definition of weaker sections has been modified to include loans to distressed persons (other than farmers) not exceeding Rs.50,000 per borrower to prepay their debt to non-institutional lenders and loans to individual women beneficiaries upto Rs.50,000 per borrower.

These guidelines further stipulate that domestic SCBs and Foreign Banks with branches 20 and above having shortfall in lending to overall priority sector target/agriculture target and weaker sections target shall allocate amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD or Funds with NHB/SIDBI/other Financial Institutions, as specified by RBI.